

Message Text

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PAGE 01 FREETO 03954 091332Z

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ACTION AF-08

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FM AMEMBASSY FREETOWN

TO SECSTATE WASHDC 4439

INFO AMEMBASSY ACCRA

AMEMBASSY BELGRADE

AMEMBASSY CANBERRA

AMEMBASSY CONAKRY

AMEMBASSY GEORGETOWN

AMEMBASSY JAKARTA

AMEMBASSY KINGSTON

AMEMBASSY PARAMARIBO

AMEMBASSY PORT AU PRINCE

AMEMBASSY SANTO DOMINGO

LIMITED OFFICIAL USE FREETOWN 3954

EO 11652: NA

TAGS: EMIN ECIN

SUBJ: MEETING OF INTERNATIONAL BAUXITE ASSOCIATION (IBA)

REF: (A) FREETOWN 3872, (B) FREETOWN 3854

1. SUMMARY: FREETOWN MEETING OF IBA COUNCIL OF MINISTERS ENDED DECEMBER 3 WITH THE COUNCIL UNABLE TO REACH A CONSENSUS ON SHORT TERM PRICING POLICY, WITH AUSTRALIA AS DISSENTING MEMBER. S.B. KAWUSU-KONTEH, SIERRA LEONE MINISTER OF MINES, WILL SERVE AS COUNCIL CHAIRMAN UNTIL NEXT MEETING IN PARAMARIBO. END SUMMARY.

2. THE INTERNATIONAL BAUXITE ASSOCIATION (IBA) CONFERENCE WAS HELD IN FREETOWN NOVEMBER 23 TO DECEMBER 3. OF THE ELEVEN MEMBERS, ONLY DOMINICAN REPUBLIC WAS ABSENT. THE COUNCIL CONSIDERED PROPOSED AMENDMENTS TO THE RULES OF PROCEDURE OF LIMITED OFFICIAL USE

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PAGE 02 FREETO 03954 091332Z

THE EXECUTIVE BOARD, THE WORK PROGRAM OF THE SECRETARIAT

FOR 1977, AND THE BUDGET FOR THE COMING YEAR. AS EXPECTED, HOWEVER, THE MOST CONTROVERSIAL ISSUE DISCUSSED WAS THE PRICING POLICY OF THE IBA. THE SECRETARIAT PRESENTED A PROPOSAL CALLING FOR THE DIVISION OF PRODUCING COUNTRIES INTO TWO GROUPS: GROUP I CONSISTING OF JAMAICA AND OTHER CARIBBEAN COUNTRIES, WHO SELL PRIMARILY TO THE U.S., AND GROUP II OF COUNTRIES SELLING TO EUROPE, INCLUDING AFRICAN PRODUCERS. REPORTEDLY, THE RECOMMENDED SELLING PRICE FOR GROUP I WAS DOLS20 PER TON, WHILE THE RECOMMENDED PRICE FOR GROUP II COUNTRIES WAS DOLS15 PER TON. THE DIFFERENCE IN PRICE IS SUPPOSEDLY BASED ON: A) DISTANCE FROM PRODUCING COUNTRY TO MARKET; B) FREIGHT COSTS; C) ORE QUALITY, AND D) OTHER FACTORS. AUSTRALIA REJECTED THE SECRETARIAT'S RECOMMENDATION, REFUSING TO BREAK EXISTING CONTRACTS. A SHARP EXCHANGE REPORTEDLY TOOK PLACE BETWEEN THE JAMAICAN DELEGATE AND THE AUSTRALIAN, WITH THE FORMER SUGGESTING THAT AUSTRALIA SHOULD WITHDRAW FROM THE IBA AND THE AUSTRALIAN REPLYING THAT IF THAT IS THE OFFICIAL STANCE OF THE IBA HE WOULD BE HAPPY TO SO INFORM HIS GOVERNMENT. JAMAICA ALSO ACCUSED GUYANA OF UNDERCUTTING THE MARKET BY SELLING HIGH GRADE BAUXITE TOO CHEAPLY. THE MEETING ENDED WITHOUT AN AGREEMENT ON PRICING POLICY.

3. A MEMBER OF THE SIERRA LEONEAN DELEGATION REPORTED THAT AUSTRALIA REFUSED TO DISCLOSE TO IBA INFORMATION ON PRICING AND CONTRACTS. HE ALSO EXPRESSED FEAR THAT AUSTRALIA, WITH HER LARGE PRODUCTION AND RESERVES, COULD DOMINATE THE WORLD BAUXITE MARKET. AUSTRALIA'S ACTIONS POINT UP THE PROBLEMS OF ANY CARTEL, IN THAT A SINGLE MEMBER CANNOT UNILATERALLY RAISE PRICES, BUT ONE MEMBER CAN ACT TO LOWER PRICES.

4. SIERRA LEONE ENDORSED THE SECRETARIAT'S PRICING PROPOSAL IN PRINCIPAL, BUT DEFERRED ANY ACTION UNTIL 1977 WHEN AGREEMENT WITH ALUSUISSE, THE COUNTRY'S SOLE PRODUCER, COMES UP FOR REVIEW.

5. IBA COUNCIL'S NEW CHAIRMAN IS S.B. KAWUSU-KONTEH, SIERRA LEONE'S MINISTER OF MINES. THE THREE VICE-CHAIRMEN ARE MR. ABDULAI IBRAHIM OF GHANA, DR. MICHAEL CAMBRIDGE OF SURINAM AND MR. KABASSAN KEITA OF GUINEA.
NORTH

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